



EUROPEAN CENTRAL BANK

EUROSYSTEM

Climate and nature plan 2024-2025

Civil society seminar

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European Central Bank
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Our climate and nature plan 2024-2025

Climate change and the ECB's mandate



We will act wherever we can within our mandate:

- Understanding the climate crisis and its implications for the economy and financial sector is **essential to deliver on our primary mandate and core tasks.**
- Within our mandate, we must also support the **EU's general economic policies including climate goals.**

Increasing urgency drives **need for more action**, and we are stepping up our climate work – despite **our limits as policy takers.**

Rationale from our climate and nature plan



Reaffirm our commitment to **do our part to address climate change**:

- **Build on the activities** we put in place since the 2021 strategy review
- Regularly review the **effectiveness of our measures**



Define a **forward-looking climate and nature plan for 2024-2025** to:

- Keep up the **ambition** and the **commitment** across the ECB and the Eurosystem
- **Expand** our work in 2024-2025, guided by **3 focus areas**

Our climate and nature plan 2024-2025



What we have achieved

In recent years the ECB established its **climate action in all fronts**

What we will continue

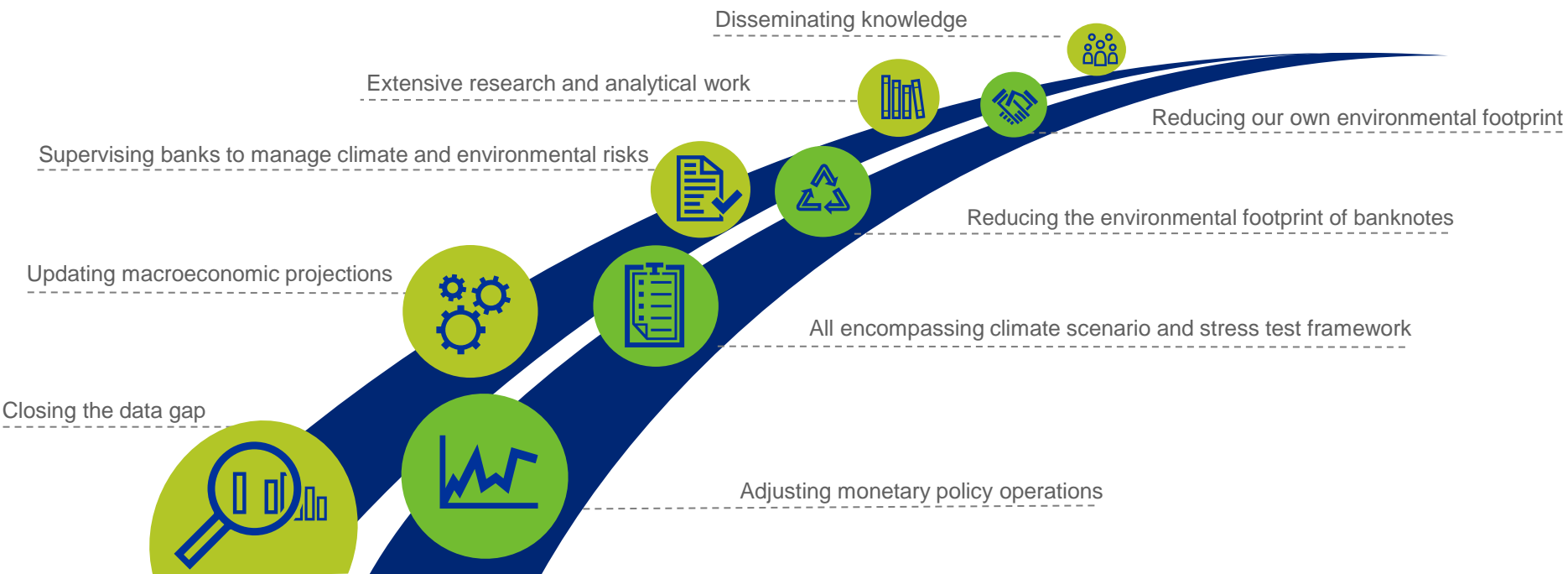
We'll build on and expand work already in place

What we will focus on

Three focus areas with targeted actions to guide future work

What we
have
achieved

The ECB has integrated climate actions on many fronts





We will continue and further expand our actions

... building on the ECB's monetary policy climate action plan 2021, ECB's climate agenda 2022, and SSM supervisory priorities 2024-2026:

Monetary policy and macroeconomic analysis

- Implement **collateral pool limits**
- **CSRD-related disclosure requirements in collateral framework**
- Further advance **transition policies in macromodels and projections**

Financial stability and banking supervision

- Publish **NGFS short term scenarios** and **Fit for 55 Stress test**
- Deadline for banks to meet **supervisory expectations + enforcement actions**

Climate-related data

- Publication of enhanced **climate-related statistical indicators**

Corporate sustainability, banknotes, payment and infrastructures

- Implement **Environmental Management Programme 2022-2024**
- Decide on Euro Series 3 design including **eco-design** principles
- Environmental footprint considerations in development of **digital euro**

Note: These are examples of the foreseen actions. A detailed list is can be found in the press release on the ECB's website.

Three focus areas for 2024-2025

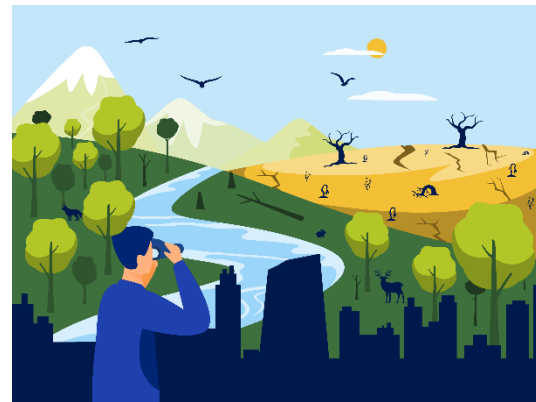
1. Navigating the transition towards a green economy



2. Increased physical impact of climate change



3. Advance work on nature related risks



Focus area 1:

Navigating the transition towards a green economy



- The **transition progresses** with implications for the macroeconomy and the financial system
- **Understanding** its impacts, risks and the financing needs is **essential to deliver on price stability**
- Within its mandate, the ECB should **support the transition** through our own actions.

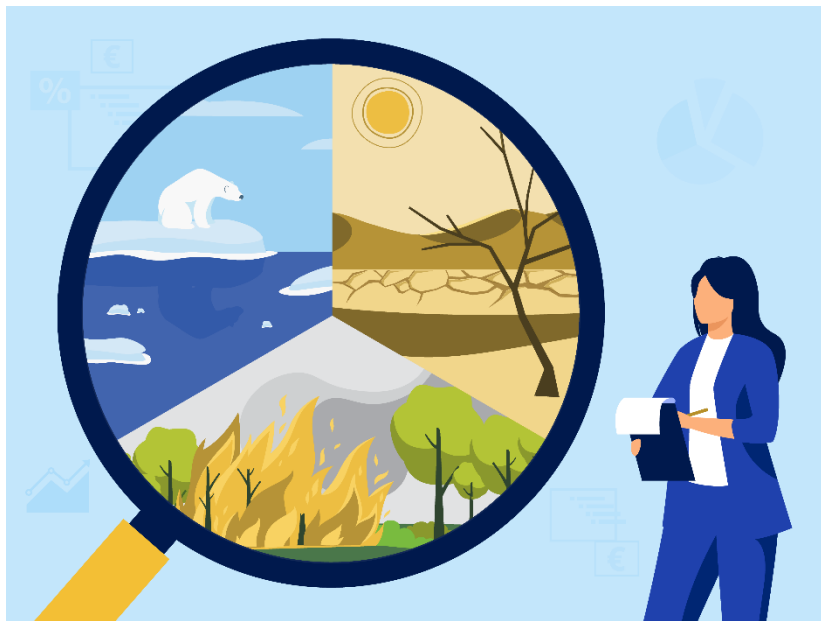
Focus area 1:

Navigating the transition towards a green economy

What we will look into:

- Assess **green investment needs** and its **funding**
- Analyse the **structural consequences** arising from the **transition**
- Advance the **macroeconomic modelling framework** with a focus on climate aspects
- Analyse the effects of transition funding and risks on **the transmission mechanism of monetary policy**
- Explore within our mandate the case for **further climate change considerations in monetary policy instruments and portfolios**

Focus area 2: Increased physical impact of climate change



- **Physical impacts** of climate change are rising faster than expected and are having **more severe consequences**
- Delivering on our tasks require us to improve our **understanding of these effects**, the related risks and the transmission channels to the macroeconomy and financial system

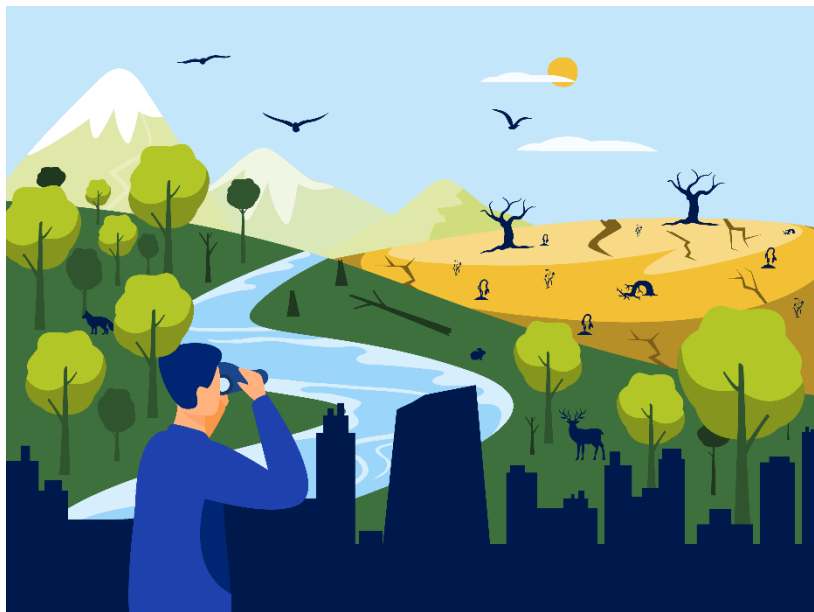
Focus area 2: Increased physical impact of climate change

What we will look deeper into:


- Steps to **integrate climate change impacts into climate scenarios** and the **analytical framework used for macroeconomic projections**
- Availability of **data** to support physical risk analysis
- Explore the **impact of adaptation**, including the climate insurance protection gap

Focus area 3:

Advance work on nature-related risks



- **Degradation of nature** affects the economy and leads to financial risks, due to the high dependency on ecosystem services
- Strongly **connected with climate change** - two sides of the same coin
- Work on the relevance of these **risks for and impacts on ECB's tasks** and actions



What we will
focus on

Focus area 3:

Advance work on nature-related risks

What we will look into:

- Further explore the **economic and financial implications** of biodiversity loss and degradation of nature
- Work closely with our peers in **European and international fora**

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Q&A and discussion

Q&A and discussions

Now we also want to hear from you!

1. **Questions and reactions on our climate and nature plan 2024-2025**
2. **How can we keep climate and nature on the agenda**

Next steps



Let's continue the debate!

**Do not hesitate to contact us at
CivilSociety@ecb.europa.eu**



Thank you!
